

UK stirs up carbon offset market

Leading carbon offset providers have blasted UK government proposals for a voluntary carbon offset standard that would exclude verified emission reductions (VERs) generated by non-Kyoto projects and have criticised the inclusion of allowances (EUAs) from the EU Emissions Trading Scheme (ETS) in the plans.

Jonathan Shopley, chief executive of the Carbon-Neutral Company, a UK-based offset provider, welcomed government support for voluntary standards, but said it was "missing a trick" by excluding VERs that are not governed by the Kyoto mechanisms.

Clean Development Mechanism (CDM) projects "are often focused on large industrial-scale emission reductions ... Voluntary schemes [generating VERs], which are more local- and community-based, often have more relevance and consumers can more easily see the benefits," he said.

Sascha Lafeld, managing director of Frankfurt-based 3C Consulting, which provides offsets, noted that the standard would exclude many smaller projects that couldn't bear the transaction costs of registering under the CDM, as well as project types for which CDM methodologies have not yet been developed.

Providers were also surprised that EU allowances were included in the government plans as a possible source of carbon offsets. The vast majority of allowances are given away free to companies in the EU ETS and are essentially a permission to pollute, not an emission reduction.

Launching the three-month consultation last month, environment secretary David Miliband said: "People need to be sure that the way they offset is actually making a difference. The government's standard and code of practice, with a quality mark so people can check easily before they choose an offsetting product, will help to provide that certainty."

Responding to criticism from offset providers, a government spokeswoman noted that the consultation process will consider providers' concerns, but added that "Miliband made no apology for setting the bar as high as we could". She expressed concerns that reductions should be subject to a clear audit trail.

Not all offset providers were dismayed by the proposals. Phil Wolski, head of fund raising at Pure, a charity which claims to be one of only four UK offset providers which meets the proposed UK standards (out of an estimated 61), argued that the Kyoto and EU schemes offer levels of environmental credibility that can't always be met by VERs.

"There are lots of very high-quality VER schemes. But how does the public sort out what is good or bad?" he said. He also pointed out that the CDM includes large numbers of small-scale projects.

Other standards for offsets have already been launched, such as the Gold Standard and the Voluntary Carbon Standard, the latter being developed by The Climate Group, an NGO, and the International Emissions Trading Association. 3C and verification company TUV have also produced a standard, called VER+.

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